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Widening suspicion

Island territory looking at many angles in president's assassination

By Mark Fineman
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KOROR, Palau — It was just after midnight June 30 when the president of one of the world's most strategically placed islands was slain in his driveway after a quiet day of fishing and drinking beer with friends.

At first, with few details of the killing widely known, most of Palau's 14,000 residents figured it was a tribal killing — a land feud settled or the wrath of a rival politician.

But since the assassination of the first and only president of this U.S. trust territory, Palauan leaders have begun to suspect almost everyone, from Japanese organized crime syndicates to operatives of the CIA in a killing that most agree could not have been the work of Palauans alone.

The only certainty, they say, is that the death of President Haruo I. Remeliik has thrown into doubt the future of one of America's most important real estate holdings in the South Pacific — an island that once served as a prime staging base during World War II and that the Pentagon considers a possible site for U.S. military bases.

On Saturday, police arrested three Palauans for conspiracy and murder in the president's killing. The chief accused is the son of the president's main political rival, a man who twice opposed him at the polls and ranks as the wealthiest on the island. The politician, Roman Tmeuchl, a provincial governor, has denied any involvement in the slaying.

The arrests followed a probe headed by two U.S. investigators from the Department of the Interior, which oversees all trust territories.

Russell Weller, the island's American-born attorney general who assisted in the probe, refused to comment on the motive in the slaying or whether the conspiracy extended beyond Palau. But he conceded that he may never establish the identity of "the real forces behind the assassination."

Fueling the islanders' deep fears of a far wider conspiracy in the slaying of their quiet and unassuming president are the international political controversies that have been raging here, as well as the circumstances of the killing itself.

Remeliik, 52, was shot four

times — three times in the face — with a .32-caliber automatic pistol. It was the first time in more than seven years that anyone had been shot to death on this island, where all firearms are outlawed and old scores traditionally are settled with spears, knives, or baseball bats.

The president's killing comes at a time when U.S. law enforcement sources say highly organized Japanese crime gangs are making major inroads in the American-held islands in the South Pacific, especially in Palau.

This idyllic island retreat, 550 miles east of the Philippines, is being used increasingly as a trans-shipment point for Southeast Asian heroin en route to the United States, and a recent classified report by the Interior Department stated that crime syndicates based in Tokyo are believed to have hidden interests in several new multimillion-dollar resort and development projects here.

"There's no doubt President Remeliik was adamantly opposed to these groups coming in here," Weller said. "But whether they were behind his killing, I doubt even Remeliik's murderers would know who they were really working for."

But there is an even deeper suspicion among members of Palau's elected legislature — most of them powerful village chiefs who command wide respect on the island — that Remeliik may have

been killed because of his strong and apparently anti-American stand on the issues of Palau's independence and the placement of U.S. nuclear weapons and materials on the pristine island, where nearly 2,000 U.S. sailors died in wresting it from the Japanese.

"You go back and tell your leaders in Washington that no matter what kind of pressure they put on us — whether it's forcing us into economic bankruptcy or killing our president — we will not compromise on our independence or the nuclear issue," Santos Oli-kong, speaker of the Palauan House of Representatives, said last week.

Like most of the South Pacific islands the United States inherited as trusteeships after World War II, Palau has been negotiating with Washington for several years for a limited form of independence called "free association." Under a compact the Reagan administration hopes will be signed by September, the island states would depend on America only for defense and economic subsidies, which would continue for 15 years until the islands were self-sufficient enough to support full independence. In exchange, the United States would be permitted military access and bases there.

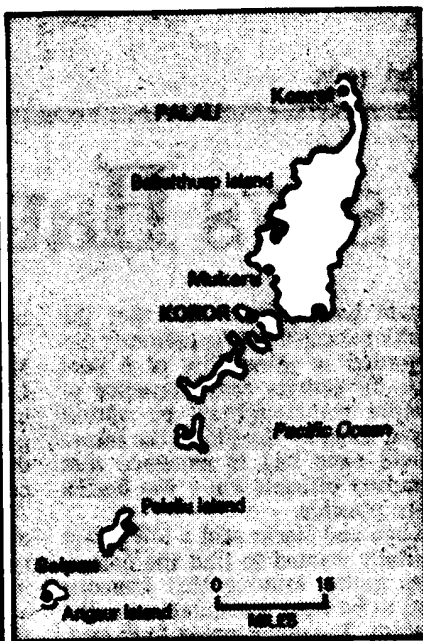
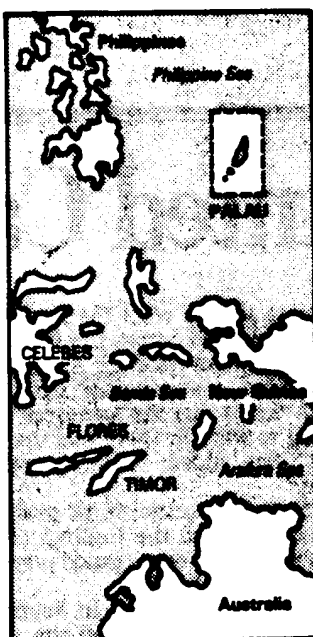
In the midst of the negotiations, though, Palau passed a constitution that declares the island a "neutral zone," banning all nuclear weapons and visits by nuclear warships.

"Ever since, we have been under all kinds of pressure from Washington to rescind it," said Moses Uludong, a former Palauan senator and business leader on the island. "Then, all of a sudden, this company called IPSECO shows up here, and in just three years' time, our economy is ruined."

IPSECO, an acronym for International Power Systems Corp., is a London firm that persuaded Pa-

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Haruo I. Remeliik
Slain president of Palau

Palauan leaders to build a 16-megawatt power plant for \$32 million — double Palau's entire national budget — to replace an aging plant. Despite an investigation by the U.S. Interior Department inspector general — which concluded in April 1983 that Palau could never afford the plant, that the plant was costing three times more than it should and that it would provide three times the power the country would ever need — Palauan leaders signed the IPSECO contract with the apparent approval of the State Department two months later.

In May, Palau defaulted to a consortium of international banks on the power-plant loan, plunging the island into a national financial crisis that was of utmost concern to Remeliik. The same thing happened last year in the South Pacific trusteeship of Majuro, where IPSECO had contracted to build a similar plant. The company is now negotiating similar contracts with two other American trust islands.

On June 13, just 17 days before Remeliik's killing, the legislative council to Palau's national Congress sent a letter to the U.S. Interior Department reporting "allegations that have been brought to my attention" by Palauan leaders. Among them, counsel Martin

Wolff stated, was that "IPSECO was CIA-funded to compromise ... Palau into accepting the compact of free association rather than face international embarrassment over financial default."

Asked about the Palauan congressmen's theory that IPSECO was a CIA front, attorney general Weller said, "I can't say it's wrong. I would highly doubt it, but look at what's happening in the Philippines. America is losing its grip, and Palau has been mentioned prominently as a fallback for the American military bases there."

U.S. officials in the Pacific and in Washington flatly denied a U.S. role in Remeliik's slaying, saying the assassination was being actively investigated and prosecuted. As a matter of routine, those officials said, the government makes no comment on U.S. intelligence activities anywhere in the world.

Meanwhile, Palau remains peaceful. The nation's elected vice president, Alfonso Otterong, 61, an educated Palauan who describes himself as both "pro-American and pro-Palauan" and was the chief negotiator in the IPSECO contract, has been sworn in as acting president and is considered the front-runner in special presidential elections scheduled for Aug. 28.

But several local leaders, among them Felix Yaoch, a Catholic priest and Remeliik's close friend, said the killing and other recent events in Palau ultimately would serve only to disrupt that peace and brew anti-American sentiment.

"In the long run, the feeling toward the U.S. in Palau will deteriorate," Yaoch said. "It's quite clear to many of us now that the U.S. only needs us for defense — not the defense of Palau, but the defense of the U.S."

"Here, the U.S. is our great protector, our trustee, and they can't even protect the life of our president."